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FISCAL IMPACT STATEMENT

LS 6665
BILL NUMBER: SB 230

NOTE PREPARED: Jan 28, 2008
BILL AMENDED:

SUBJECT: Riverboat Admissions Tax for Mental Health.

FIRST AUTHOR: Sen. Becker
FIRST SPONSOR:

BILL STATUS: 2nd Reading - 1st House

FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: The bill requires all Riverboat Admissions Taxes paid to the Division of Mental Health and Addiction to be used for the prevention and treatment of compulsive gambling. (Current law requires at least 25% of the taxes to be dedicated to the prevention and treatment of compulsive gambling.) The bill also adjusts the spending provisions of the Addiction Services Fund to account for the Admissions Tax requirement.

Effective Date: July 1, 2008.

Explanation of State Expenditures: *Summary* - The bill makes three changes relating to spending by the Division of Mental Health and Addiction (DMHA) from the Addiction Services Fund.

(1) The bill requires all of the Riverboat Admission Tax revenue distributed to the DMHA to be used for compulsive gambling services and eliminates the requirement for this revenue to be spent on alcohol and drug addiction services. Current statute requires only a minimum of 25% of the Admission Tax revenue for prevention and treatment of compulsive gambling. This provision will increase the amount spent by DMHA for compulsive gambling services. According to DMHA, expenditures for the Gambler's Assistance Program totaled almost \$1.3 M in FY 2007, with about \$2.1 M budgeted for the program. However, almost \$4.2 M in Admission Tax collections and Admission Tax replacement payments were distributed to the Fund in FY 2007. DMHA reports that about \$3.3 M is budgeted in FY 2008 for the Gambler's Assistance Program.

(2) The bill limits spending from the Fund for drug and alcohol addiction treatment, intervention, prevention services to revenue from alcoholic beverage excise taxes. Current statute requires at least 33% of the revenue deposited in the Fund to be spent for drug, alcohol, and gambling addiction services. The bill limits this

spending floor to alcoholic beverage excise tax revenue in the Fund for drug and alcohol addiction services only. This provision will reduce expenditures from the Fund for alcohol and drug addiction services. A total of almost \$7.3 M was distributed to the Fund in FY 2007, but only about \$3.1 M was generated from alcoholic beverage excise taxes, with the balance (about \$4.2 M) from Admission Tax collections and Admission Tax replacement payments.

(3) The bill requires the DMHA to provide services and programs paid out of the Fund without regard to family income of the individual receiving the services. The potential impact of this provision is indeterminable.

Background Information - Under current statute, revenue from excise taxes on alcoholic beverages and from the Riverboat Admission Tax is distributed to the Addiction Services Fund. The alcoholic beverage taxes distributed to the Fund are equal to \$0.06 per gallon on liquor and \$0.02 per gallon on beer and wine. The Riverboat Admission Tax distributions includes collections of the tax and replacement payments made annually for collections shortages below the FY 2002 distribution level. The table below reports the distributions to the Fund from both sources since FY 2003.

| Fiscal Year | Alcohol Beverage Tax | Riverboat Admission Tax | Total |
|--------------------|-----------------------------|--------------------------------|--------------|
| 2003 | \$3,084,130 | \$3,150,363 | \$6,234,493 |
| 2004 | 3,078,749 | 3,681,947 | 6,760,696 |
| 2005 | 3,064,171 | 4,221,411 | 7,285,582 |
| 2006 | 3,154,929 | 4,211,371 | 7,366,300 |
| 2007 | 3,132,197 | 4,154,725 | 7,286,922 |

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Division of Mental Health and Addiction.

Local Agencies Affected:

Information Sources: State Auditor's database; Division of Mental Health and Addiction, *Monthly Financial Review*, June 2007 and October 2007.

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